

**From:** [REDACTED]@oxfam.org  
**Subject:** RE: Windfall Profits Methodology Note  
**Date:** 17 July 2023 at 16:23  
**To:** Dan Neidle [REDACTED]  
**Cc:** [REDACTED]@oxfam.org

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Hi Dan,

We have discussed this question a lot as there are good reasons for adjusting the profit numbers for inflation and there are good reasons for using nominal amounts. So, we indeed saw this dilemma and understand why you raise this question. We choose to communicate the nominal numbers because:

- Tax revenues are always calculated on nominal profits and not adjusted for inflation, e.g., [https://www.taxobservatory.eu/wp-content/uploads/2022/11/EU-Tax-Observatory\\_Note\\_A-Modern-Excess-Profit-Tax\\_November-2022-2.pdf](https://www.taxobservatory.eu/wp-content/uploads/2022/11/EU-Tax-Observatory_Note_A-Modern-Excess-Profit-Tax_November-2022-2.pdf) and <https://www.imf.org/-/media/Files/Publications/WP/2022/English/wpiea2022187-print-pdf.ashx> As we are connecting the WFP to the potential tax revenue that can be levied from the WPF, it would be illogical and confusing to the reader if we present the profits adjusted for inflation but the tax revenues in nominal numbers.
- When analyzing the financial performance of a large-scale group of companies, it is common industry practice to present aggregated profit data without adjusting for inflation. We can point to many reputable sources, such as *Forbes* where we collected the profit data (<https://www.forbes.com/lists/global2000/>), *Financial Times* (<https://www.ft.com/content/cb8512dc-ee51-413b-b4f7-e41399ba52b0>), which often provide aggregated financial data for industry benchmarking without adjusting for inflation. Likewise, *Bloomberg* (<https://www.bloomberg.com/news/articles/2022-03-30/2021-was-best-year-for-u-s-corporation-profits-since-1950#xj4y7vzkg>), where financial data is often presented in nominal terms to facilitate investment analysis. International Financial Reporting Standards (IFRS) or the Generally Accepted Accounting Principles (GAAP) often recommend reporting nominal figures for comparative purposes.

Thanks,

[REDACTED]

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**De:** Dan Neidle [REDACTED]  
**Enviado el:** sábado, 15 de julio de 2023 02:00  
**Para:** [REDACTED]@oxfam.org>

CC: [REDACTED]@oxfam.org>

Asunto: Re: Windfall Profits Methodology Note

thanks, [REDACTED]

There seems a bit of a problem with you calculating a windfall by looking at nominal profit, without adjusting for inflation

Imagine a company with profit of 100 in 2017. Let's assume it's profitability then just increases by global average inflation for the next five years (i.e. no real terms increase). Its average profit 2017-2020 will be £105 (nominal), and its average profit 2021-22 will be £117 (nominal). (I attach a simple spreadsheet showing the figures)

That is an 11.4% increase in nominal terms, but zero increase in real terms. However, unless I'm misunderstanding, I believe your analysis classes that as a windfall?

If so, when you say 74% of the Forbes Global 2000 made a windfall profit, what you've really found is that 74% of the Forbes Global 2000 had profitability which didn't fall in real terms (or only fell a little bit).

I hope you'll agree that can't be right. If you want to calculate windfalls by reference to increases in average profit over time, then you really have to adjust for inflation.

I'd be grateful for your comments - I'll be writing on this sometime next week.  
Kind regards,

Dan Neidle

On 14 Jul 2023, at 19:30, [REDACTED]@oxfam.org> wrote:

Hi Dan, this is the link to the methodology note: <https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2023-07/Windfall%20profits%20methodology%20note.pdf> which has been added to the notes to editors in the press release: <https://www.oxfam.org/en/press-releases/big-business-windfall-profits-rocket-obscure-1-trillion-year-amid-cost-living-crisis>

Thanks, and don't hesitate to let us know if you need anything else.

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